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TO: Thomas Tuskey, Director
Civic Center

FROM: Irvin Corley, Jr., Fiscal Analysis Director

DATE: May 4, 2007

RE: 2007-2008 Budget Analysis

14.

Attached is our budget analysis regarding your department's budget for the upcoming 2007-2008 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing. We would then appreciate a written response to the issues/questions at your earliest convenience subsequent to your budget hearing. Please forward a copy of your responses to the Councilmembers and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

IC:ss

Attachment

cc: Councilmembers
Council Divisions
Auditor General's Office
Roger Short, Finance Department Director
Pam Scales, Budget Director
Tanya Stoudemire, Budget Department Team Leader
Kandia Milton, Mayor's Office

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Civic Center (14)

FY 2007-2008 Budget Analysis by the Fiscal Division

Summary

The Civic Center Department is a General Fund Agency. The recommended 2007-2008 budgeted appropriations total \$20.2 million reflecting an increase of \$5.5 million or 36.9% from fiscal year 2006-2007. Budgeted revenues are \$8.4 million reflecting a decrease of \$.9 million or 9.7% from fiscal year 2006-2007.

Budgeted appropriations of \$20.2 million and revenues of \$8.4 million provide a net tax cost of \$11.9 million to the City. The Department's net tax cost to the City has increased from \$5.5 million to \$11.9 million, or by \$6.4 million.

2006-2007 Surplus/(Deficit)

The estimated net deficit in the Civic Center for FY 2006-2007 is \$2.8 million due primarily to anticipated revenue shortfall in building rentals and concessions.

Overtime

The Mayor's 2007-2008 Proposed Budget includes \$176,250 for overtime in the Civic Center Department. This amount is unchanged from the fiscal year 2006-2007 budget. As of March 31, 2007, the Civic Center has expended \$241,000 or 136.7% of the fiscal year 2006-2007 budgeted overtime.

Employee Turnover Savings

The Mayor's 2007-2008 Proposed Budget projects \$162,000 in employee turnover saving from one vacant position in the Administration (00008) appropriation.

Proposed Layoffs and Vacant Position Reductions

The 2007-2008 budget recommends a net increase of 4 positions for the Civic Center as follows:

<u>Cost Center</u>	<u>Appropriation/Cost Center Name</u>	<u>Title</u>	<u>Additions</u>	<u>Deletes</u>	<u>Total Positions Add</u>
00008	Administration	Executive SecretaryII	1	0	1
00008	Administration	Clerk	1	0	1
00011	Cobo Center	Manager II	0	1	-1
00011	Cobo Center	Civic Center Facility Workers	3	0	+3
TOTAL			5	1	4

No Layoffs are proposed for this department.

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FY 2007-2008 Budget Analysis by the Fiscal Division

<u>Appropriation/Program</u>	<u>Budgeted Positions FY 2006-07</u>	<u>Filled Positions 3/31/2007</u>	<u>Mayor's</u>		<u>Mayor's Recommended Turnover</u>
			<u>Budget Positions FY 2007-08</u>	<u>Over/(Under) Actual to 06/07 Budget</u>	
Civic Center (14):					
00008 Administration	5	8	7	3	\$ 161,814
140040 Sales and Marketing	9	8	8	(1)	\$ -
140045 Operations	4	4	4	0	\$ -
140090 Maintenance	0	0	0	0	\$ -
140100 Building Services	10	12	13	2	\$ -
140140 Security Cobo	0	0	0	0	\$ -
00011 Cobo Center	23	24	25	1	\$ -
11150 Property Management	4	2	4	(2)	\$ -
14XXXX Leave of Absence	0	(1)	0	(1)	\$ -
14XXXX Worker's Comp.	0	0	0	0	\$ -
14XXXX Unmatched Positions	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>\$ -</u>
TOTAL	<u>32</u>	<u>33</u>	<u>36</u>	<u>1</u>	<u>\$ 161,814</u>

Significant Changes in Funding by Appropriation

Appro Program

00008	Admin Services	The appropriation for Administrative Services of the Civic Center increased by \$140,463 million. The increase results from the following: a \$67,982 increase in Salaries & Wages; a \$22,389 increase in Employee Benefits; a \$6,000 increase in Professional Contractual; a \$23,380 increase in Operating Service, and a \$20,712 increase in Other Expenses. Two positions are added.
00011	Cobo Center	The appropriation for Cobo Center increased by \$4.4 million due primarily to: a \$3.2 million increase in Contract Services; a \$500,000 increase in Insurance Premiums; a \$300,000 increase in Utilities Sewage; a \$100,000 increase in Utilities Water, and a \$1.1 million increase in the Retirement of Debt-Principal; offset by a \$500,000 decrease in Utilities Steam; a \$300,000 decrease in Utilities PLD Electricity, and a \$100,000 decrease in Interest on Bonded Debt.
00890	Cobo – Renewal and	The appropriation for Cobo – Renewal and Replacement increased by \$250,000 for Major Building Repairs

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FY 2007-2008 Budget Analysis by the Fiscal Division

Replacement

10318	Capital Improvement-Bonds	The appropriation for Capital Improvement-Bonds increased by \$200,000 from investment earnings for a fire suppression system.
11150	Property Management	The appropriation for Property Management increased by \$400,000 due primarily to a \$200,000 increase in Contract Services and a \$200,000 increase in Utilities PLD Electricity.

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<u>Budgeted Professional and Contractual Services by Activity</u>	<u>FY 2006-07 Budget</u>	<u>FY 2007-08 Recommended</u>	<u>Increase (Decrease)</u>
Administrative Services	\$ 54,000	\$ 60,000	\$ 6,000
Civic Center Facilities Operations	300,000	3,511,778	3,211,778
Property Management	-	237,279	237,279
Total	<u>\$ 354,000</u>	<u>\$ 3,809,057</u>	<u>\$ 3,455,057</u>

Significant Revenue Changes by Appropriation

<u>Appro</u>	<u>Program</u>	
00008	Admin	Administration Revenues have decreased overall by \$1.2 million due to the following: a \$525,000 decrease in Other Utility Revenue; a \$285,000 decrease in Miscellaneous Concessions; and \$250,000 decrease in Restaurant Concessions; a \$49,936 decrease in Street Funds Reimbursement; a \$20,000 decrease in Equipment Rentals and a \$10,000 decrease in Checking Concessions; offset by a \$5,000 increase in Miscellaneous Receipts, all based primarily on actuals.
00890	Cobo – Renewal and Replacement	Cobo – Renewal and Replacement revenues increased \$0.3 due to the projected increase in Transfers From Other Funds.
11150	Property Management	Property Management Revenues have decreased overall by \$200,000 due to: a \$50,000 decrease in Other Utility Revenue; a \$10,000 decrease in Rental Acquired Property and a \$100,000 decrease in Building Rentals, based on actuals.

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FY 2007-2008 Budget Analysis by the Fiscal Division

Issues and Questions

1. What is the projected savings as a result of the new electrical and janitorial contractors (page 14-2)? Why were security and janitorial services transferred back to Civic Center from General Services in 2007-08?
2. What is the financial benefit of the “new efficiency agreement” with exhibit hall labor unions (page 14-2)?
3. How is the Civic Center becoming more competitive and generating more economic impact for the future?
4. What are the expansion efforts for the Cobo Center to remain competitive with newer and bigger centers?
5. Page 14-1: Why does the Executive Budget show three more people on payroll at April 1, 2007 than budgeted?

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